

# City and Town

Navjeet K. Bal, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



A Publication of the Massachusetts Department of Revenue's Division of Local Services

## Regionalization Conference Materials Now Available Online

On behalf of the Franklin Regional Council of Governments, the Massachusetts Association of Regional Planning Agencies, and the Massachusetts Department of Revenue's Division of Local Services, we would like to thank everyone for participating in the 2011 Regionalization Conference. With over 300 in attendance, the conference was a great opportunity to network and learn more about regionalizing municipal services and best practices.

We received overwhelmingly positive feedback about this year's conference, particularly on the quality of speakers and the useful and valuable information they provided. The conference also provided excellent insight into the benefits and challenges communities face in regionalizing services. We look forward to seeing you next year.

Materials from the Third Annual Regionalization Toolkit Conference are now available online at [www.mass.gov/DLS](http://www.mass.gov/DLS) and can also be accessed through the [Franklin Regional Council of Governments](#). For a video clip of the event's opening remarks, please [click here](#).

## A New Gateway

Dave Davies, Information Technology Unit

As local officials begin a busy period of tax rate setting and free cash certification, the Division of Local Services is rolling out an improved version of DLS Gateway starting today, September 22nd. The Division of Local Services takes seriously our commitment to providing functional, innovative and user-friendly ways to share data, and your questions and suggestions are invaluable to those ends. The new DLS Gateway features enhancements and corrections that should further streamline and increase information flow. All users can find tips and reminders [here](#) on the DLS website. Should you have any questions or wish to report a system problem, we encourage you to contact the Gateway User Support Number at 617-626-2350 or email Gateway support at [dlsitgroup@dor.state.ma.us](mailto:dlsitgroup@dor.state.ma.us).

## Beat the December Rush: Set Your Tax Rate Early

Marilyn Browne and James Paquette, Bureau of Local Assessment

Do you ever wonder why tax rate setting is a little slower in December than it is in October or November? Is the culprit the optional Ch. 653 July deadline for picking up new construction, communities having their property values recertified, the new growth approval process or perhaps the quarterly billing cycle? Good tax billing options were developed and codified by the Legislature, however their potential effects on the timing of tax rate setting may not have been fully predicted. We've reviewed these factors and more and what we've found is both interesting and informative.

Tax rate setting systems have evolved over the years. Initially, all communities issued a single tax bill, but in the late 1960s the [semi-annual tax bills](#) emerged where actual tax bills should be issued on October 1st and April 1st. In 1989 two more optional billing models emerged, the [preliminary semi-annual billing schedule](#) and the [quarterly billing schedule](#). Preliminary semi-annual billing cities and towns send their preliminary bill based on half of the prior year's tax bill by July 1st and mail their actual bill by December 31st. Quarterly billing communities send out preliminary bills payable in two installments if sent out by July 1st. They then send an actual tax bill also payable in two installments if mailed by December 31st. If those dates are missed then the two installments are due in one lump sum on November 1st or May 1st or 30 days after the bills were mailed, whichever is later. Only the quarterly system has a

penalty for missed billing deadlines. Also in 1989, a local option, M.G.L. Chapter 653, was implemented that allows communities to assess new buildings, structures or other physical improvements added to real property between January and June for the upcoming fiscal year. Previously, the assessment date had been January 1st, but now those who elect to can have an additional six months in which to collect this new growth. While a community can assess new construction earlier than in the past, it also means they have to wait until June 30th before they can finalize their values. Altogether, there are now 173 communities that participate in this program. Upon analysis, 119 or 69 percent of all Ch. 653 communities set their rates in December. Out of those 119, 114 communities were quarterly billing, the rest (5) were semi-annual billing communities.

Does having ones property values certified by the Bureau of Local Assessment slow tax rate setting? For FY2011, the certification approval process was as follows:

FY2011 Certification Approvals		
August	3	3%
September	8	8%
October	15	15%
November	29	29%
December	35	35%
Post 1/1/2011	9	9%
<b>TOTAL</b>	<b>99</b>	

64%

Certification of property values was concentrated in November and December and those communities made up 64 percent of all certifications. When communities receive certification of their real and personal property in November or December, there will then be a race to the finish at the end of December for quarterly and preliminary semi-annual billing municipalities.

We also looked at new growth approvals and the bulk (62%) were approved in November (29%) and December (33%). Again, those with a December 31st deadline are racing toward the finish at the end of the calendar year. Clearly, getting new growth approved earlier would be in the best interest of communities. As a result, the Bureau of Local Assessment is looking into ways to speed up the process.

FY2011 New Growth Approvals		
July	3	1%
August	10	3%
September	48	14%
October	57	16%
November	103	29%
December	118	33%
Post 1/1/2011	14	4%

62%

Over the years more and more communities adopted the quarterly billing local option. In FY2000, there were 179 cities and towns quarterly billing. Today, there are 273, a 53% increase and a total of 78% of all municipalities. Add seven more cities and towns that have adopted the preliminary semi-annual billing schedule and you are up to potential of 280 communities that should send out their actual tax bills by December 31st or 80% of all communities. That number does not include late semi-annual billing municipalities. The rapid increase in popularity reinforces the need to make every effort to get tax rates set early to guarantee timely collection of property tax revenues.

### Tax Rate Setting

	# Communities	Q	S	PS	653	Q -w- 653
August	1	0	1	0	0	0
September	16	1	15	0	5	1
October	22	7	15	0	6	3
November	69	50	18	1	31	26
December	219	205	12	2	119	114
Post 1/1	25	10	11	4	12	8
<b>TOTAL</b>	<b>352</b>	<b>273</b>	<b>72</b>	<b>7</b>	<b>173</b>	<b>152</b>

Q = Quarterly Tax Billing Communities

S = Semi-annual Tax Billing Communities

PS = Preliminary Semi-annual Tax Billing Communities

653 = M.G.L. Ch. 653

Q-w-653 = Quarterly Tax Billing Communities that adopted M.G.L. Ch. 653

While Chapter 653, property recertification and new growth approval contribute to a potential log jam in December the major culprit slowing the December tax rate setting seems to be the large, and perhaps still growing, number of quarterly tax billing communities. If the song calls that month "the most wonderful time of the year," maybe it should also call it the busiest. So we encourage you to act accordingly and plan ahead wherever possible. Whether it's purchasing holiday gifts or setting a tax rate, usually the earlier it's done, the better.

## **Municipal Calendar - September and October**

### **SEPTEMBER**

#### **September 15: Accountant/ Assessors**

#### **September 30: Taxpayer**

Deadline for Submitting Forest Land Certification and Management Plan, M.G.L. Ch. 61 - According to M.G.L. Ch. 61, Section 6, this is the deadline to submit to the Assessors the State Forester's certification and approved management plan in order to have the land valued as classified forest land in the next fiscal year.

#### **September 30: Municipal and District Treasurer/Collector**

Submit Compensating Balance Report - If compensating balance accounts were maintained during the prior fiscal year, a report and account analysis schedules must be submitted to DOR.

#### **September 30: Accountant/Superintendent/School Committee**

Jointly Submit End of Year Report to the DESE - Schedule 1 — determines compliance with prior year Net School Spending requirement. Schedule 19 — determines compliance with current year Net School Spending requirement.

#### **September 30: Accountant**

Submit Snow and Ice Report - This report is a statement of snow and ice expenditures and financing sources.

#### **September 30: Treasurer**

4th Quarter Reconciliation of Cash for the Previous Fiscal Year (due 45 days after end of quarter or upon submission of a balance sheet for free cash/excess and deficiency certification, whichever is earlier).

A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's/ Auditor's or Schools Business Manager's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the Accountant/Auditor/School Business Manager should indicate agreement with the Treasurer's balances. Reconciliations are required every quarter by DOR, but communities and school districts should reconcile monthly for their own purposes. The fourth quarterly report as of June 30 must be completed and returned to DOR. The first three quarterly reports of the fiscal year should be completed timely and filed in both the Treasurer's and Accountant's/Auditor's or School Business Manager's offices for possible BOA inspection or audit. Municipalities and school districts may also use these reports to monitor cash practices of the Treasurer's office. If the Accountant/Auditor/School Business Manager and Treasurer are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor, Selectmen or School Committee should inquire as to the reasons.

#### **September 30: Treasurer**

Submit Statement of Indebtedness - Massachusetts General Laws Ch. 44, Sec. 28 requires the Director of Accounts to maintain complete and accurate records of indebtedness by cities, towns and districts. This statute also requires Treasurers to furnish any other information requested by the Director in respect to the authorization and issuance of loans. This Statement is the annual report required from Treasurers to accomplish this purpose. Treasurers should reconcile their debt records with the Accountant/Auditor before filing the Statement of Indebtedness to ensure that the Statement and balance sheet are in agreement.

#### **September 30: State Treasurer**

Notification of Quarterly Local Aid Payments on or Before September 30 - When local aid payments are transmitted to communities, the cover letter indicates what funds will be made available, less quarterly assessments (see Cherry Sheet attachment for details).

### **OCTOBER**

#### **October 1: Collector**

Mail Semi-Annual Tax Bills - For communities using the regular semi-annual payment system, actual tax bills or optional preliminary bills should be mailed by this date.

**October 1: Taxpayer**

Semi-Annual Preliminary Tax Bill — Deadline for Paying Without Interest

According to M.G.L. Ch. 59, Sec. 57C, this is the deadline for receipt of the preliminary tax payment without interest in communities using the annual preliminary tax billing system, unless the bills were mailed after August 1. If mailed after August 1, the payment is due November 1, or 30 days after the bills were mailed, whichever is later.

**October 1: Taxpayer**

Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land, M.G.L. Ch. 61A and Ch. 61B. - According to M.G.L. Ch. 61A, Sections 6 and 8, and Ch. 61B, Sections 3 and 5, this is the deadline to apply to Assessors to have land valued, taxed and classified as agricultural/horticultural or recreational land in the next fiscal year, unless a revaluation program is being conducted for that fiscal year. Under M.G.L. Ch. 59, Section 38 and DOR guidelines, Assessors must review all property valuations and make adjustments to ensure current fair cash valuations every year. Because a revaluation program is being conducted every year, taxpayers who do not submit their applications by October 1 have until 30 days after the actual tax bills for the fiscal year are mailed to apply.

**October 15: Superintendent**

Submit School Foundation Enrollment Report to DESE

**October 31: Accountant**

Submit Schedule A for Prior Fiscal Year - This report is a statement of the revenues received, expenditures made and all other transactions related to the community's finances during the previous fiscal year. The Schedule A classifies revenues and expenditures into detailed categories that will provide information essential for an analysis of revenues and expenditures generated by various departments. This data, like other financial information reported to DOR, is entered into DOR's Municipal Data Bank; as such, the Department may provide time series, comparative and other types of analyses at the request of a city or town. This information is also sent to the US Census Bureau and eliminates a prior federal reporting requirement. Failure to file by October 31 may result in withholding major distributions of state aid until the Schedule A is accepted by BOA.

**October 31: Selectmen**

Begin Establishing Next Fiscal Year Budget Guidelines and Request Department Budgets

**October 31: Assessors**

Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for annual preliminary tax bill communities) - A community that uses the annual preliminary tax bill system (on a quarterly or semiannual basis) should begin gathering tax recap information in order to have enough time for the tax rate to be set and tax bills mailed by December 31. See August's Complete Tax Rate Recapitulation Sheet.

**City & Town** is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

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